

# ATTACHMENT A

Page 1

1 MEAGHAN SCHMIDT

2 UNITED STATES BANKRUPTCY COURT  
SOUTHERN DISTRICT OF NEW YORK3 -----X  
In Re:4  
5 BERNARD L. MADOFF INVESTMENT No. 08-01789(SMB)  
SECURITIES LLC,

6 SIPA LIQUIDATION

7 (Substantively  
Consolidated)8 Debtor.  
-----X9 IRVING H. PICARD, Trustee for the  
Liquidation of Bernard L. Madoff  
10 Investment Securities LLC,

11 Plaintiff,

12 vs. Adv. Pro. No.  
13 09-01182(SMB)14 J. EZRA MERKIN, GABRIEL  
CAPITAL, L.P., ARIEL FUND LTD.,  
ASCOT PARTNERS, L.P., GABRIEL  
15 CAPITAL CORPORATION,16 Defendants.  
-----X

18 VIDEOTAPED DEPOSITION OF MEAGHAN SCHMIDT

19 New York, New York

20 Thursday, June 29, 2017

21 CONFIDENTIAL

24 Reported By: BARBARA R. ZELTMAN

25 Job Number: 125946

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1 MEAGHAN SCHMIDT  
 2 Q Yes.  
 3 A Alyssa Nann, Rich Bernard.  
 4 Ms. Dasaro, Ms. Hoang,  
 5 Ms. Vanderwal, Mr. Carney, John Carney, John  
 6 Barr, James Bekier, Brian Esser, Regina  
 7 Griffin, Melissa Kosack.  
 8 I have met with a lot of them, so  
 9 I'm not sure I'm able to recall all of their  
 10 names.  
 11 Q Approximately how many meetings  
 12 have you had with counsel for the Trustee?  
 13 A Since December 12, 2008?  
 14 Q Yes.  
 15 A A lot.  
 16 Q More than ten?  
 17 A Yes.  
 18 Q More than 20?  
 19 A Yes.  
 20 Q More than 30?  
 21 A Yes.  
 22 Q More than 50?  
 23 A Yes.  
 24 Q Close to a hundred?  
 25 A Over a hundred.

1 MEAGHAN SCHMIDT  
 2 Q Over a hundred.  
 3 Over 200?  
 4 A Yes.  
 5 Q And in general, what was the  
 6 purpose of all these meetings?  
 7 MS. HOANG: I'm just going to  
 8 caution you. You can answer the  
 9 question, but caution you not to  
 10 disclose any privileged conversations  
 11 you had with counsel.  
 12 A Operational and financial  
 13 discussions around things that were  
 14 happening at 885 Third Avenue.  
 15 Q Just a few definitional things.  
 16 When I say "the Madoff matter," do  
 17 you understand that I'm referring in general  
 18 to the liquidation of Bernard L. Madoff  
 19 Investment Securities and related  
 20 litigation?  
 21 A Yes.  
 22 Q Okay.  
 23 And when I say the "Merkin matter,"  
 24 do you understand that I'm referring to the  
 25 case brought by the Trustee against

Page 20

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1 MEAGHAN SCHMIDT  
 2 Mr. Merkin, Gabriel Capital, Ascot Partners,  
 3 LP, Ascot Fund Limited, Ariel Fund Limited  
 4 and Gabriel Capital, LP?  
 5 A Yes.  
 6 Q And when I say "the Funds," do you  
 7 understand I'm referring to Ascot Partners,  
 8 LP, Ascot Fund Limited, Ariel Fund Limited  
 9 and Gabriel Capital, LP?  
 10 A Yes.  
 11 Q Do you understand that Gabriel  
 12 Capital Corporation or GCC is a management  
 13 company wholly owned by Mr. Merkin?  
 14 A I do now. I did not before.  
 15 Q And when I say "BLMIS," do you know  
 16 I'm referred to Bernard L. Madoff Investment  
 17 Securities?  
 18 A Yes.  
 19 Q When were you retained by the  
 20 Trustee to work on the Madoff matter?  
 21 A On Monday, December 15th.  
 22 Q When did you first meet with the  
 23 Trustee to discuss the engagement?  
 24 A Monday, December 15th.  
 25 Q And how did you come to be retained

1 MEAGHAN SCHMIDT  
 2 by the Trustee?  
 3 A We were previously working at 885  
 4 Third Avenue under the SEC receiver and at  
 5 the time of Mr. Picard's appointment, we  
 6 were retained.  
 7 Q How did you first hear about what  
 8 was going on at 885?  
 9 A On Thursday, December 11, we  
 10 received a call from Lee Richards of  
 11 Richards Kibbe & Orbe that Bernard L. Madoff  
 12 Investment Securities was going to be put  
 13 into SEC receivership. And that's the first  
 14 time I had heard of it.  
 15 Q Did Mr. Richards call you?  
 16 A He called my partner, Harvey Kelly.  
 17 Q And how did you learn about that  
 18 call?  
 19 A Mr. Kelly came to my desk and  
 20 informed me that he had received a call and  
 21 that was the conversation.  
 22 Q Did Mr. Kelly ask you to do  
 23 anything in response to that call?  
 24 A He did.  
 25 Q What did he ask you to do?

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## MEAGHAN SCHMIDT

A He asked me to do some research on the Internet to see who Mr. Madoff was and if there was anything I could find on Bernard L. Madoff Investment Securities, which I'll also refer to as "BLMIS" going forward, if that's okay.

Q Of course.

Have you ever heard of Mr. Madoff prior to December 11, 2008?

A No.

Q Had you ever heard of BLMIS prior to December 2008?

A No.

Q And what did you learn when you started looking into Mr. Madoff?

A I found a Website, some You Tube videos, some Websites that set forth his donations.

I didn't learn much.

Q Prior to December 11, 2008, were you familiar with Mr. Merkin?

A No.

Q Were you familiar with GCC?

A No.

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## MEAGHAN SCHMIDT

Q Were you familiar with the Funds?

A No.

Q At some point, did you become familiar with Mr. Merkin?

A No. Him personally, no.

Q When did you first hear about Mr. Merkin?

A Other than there were accounts set up for his businesses. I don't specifically know when. I don't recall specific conversation, you know, related to that.

Q So just to clarify, you've never met Mr. Merkin?

A I have not.

Q And you've never had a specific discussion with anyone about him?

A Him personally? No.

Q And have you ever had a discussion specifically about Ascot Partners?

A With respect -- I mean, other than they, you know, had an account. There were accounts there. I don't recall any specific detail about a conversation related to that account.

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## MEAGHAN SCHMIDT

Q Who first told you about the existence of Ascot Partners, LP?

A I don't recall.

Q Have you ever had a specific discussion about Ascot Fund Limited?

A Other than there's accounts at the -- no. I don't recall.

Q Have you ever had a specific discussion about Ariel Fund Limited?

A Other than there were accounts there.

Q And do you recall who that discussion might have been with?

A No.

Q And what about Gabriel Capital, LP, have you ever had a specific discussion about Gabriel Capital, LP?

A Other than there's accounts there, no.

Q When did you learn that Ascot Partners, LP had an account at BLMIS?

A Don't recall.

Q But at some point, you did learn that Ascot Partners, LP had an account,

## MEAGHAN SCHMIDT

correct?

A Yes.

Q At BLMIS.

And how did you learn that Ascot Partners, LP had an account at BLMIS?

MS. HOANG: I think she -- Go ahead.

A There's a listing of accounts and account numbers and, you know, somebody told me. I don't remember who.

Q And when did you learn that Ascot Fund Limited had an account with BLMIS?

A I don't recall.

Q Do you know how you might have learned that Ascot Fund Limited had an account with BLMIS?

A Either through conversation or, you know, review of an account listing, but I don't recall when that took place.

Q Do you remember what year that you would have learned that information?

A No.

Q Was it some time after December 11, 2008?

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<p style="text-align: right;">Page 30</p> <p>1           <b>MEAGHAN SCHMIDT</b>    2 AlixPartners has billed in total in    3 connection with the Madoff matter?    4     A No.    5     Q Do you know if it's in excess of    6 \$75 million?    7     A Yes.    8     Q Do you know if it's in excess    9 \$100 million?    10    A I do not know.    11    Q AlixPartners has billed in excess    12 of \$75 million to this case, correct?    13    MS. HOANG: Object to the form.    14      Go ahead.    15    A Yes.    16    Q Do you know how much AlixPartners    17 has billed in connection with the Merkin    18 matter?    19    A I don't understand the question.    20    Q Are you billing for your time    21 during this deposition today?    22    A Yes.    23    Q And for the meetings you had with    24 counsel for the Trustee, did you bill for    25 those, for your time?</p>	<p style="text-align: right;">Page 31</p> <p>1           <b>MEAGHAN SCHMIDT</b>    2     A Yes.    3     Q And do you know if AlixPartners has    4 done any other work in connection with the    5 Merkin matter?    6     A Specifically with this case?    7     Q Yes. Picard v. Merkin.    8     A Not that I am aware of, no.    9     Q Okay.    10    Do you know approximately how much    11 time you spent preparing for your deposition    12 today?    13    MS. HOANG: Asked and answered.    14      Go ahead.    15    A Six to eight hours.    16    Q What was your responsibility in    17 connection with the Madoff matter -- or what    18 did you understand your responsibility to be    19 in connection with the Madoff matter when    20 you were retained in December 2008?    21    MS. HOANG: Objection to form.    22      You can answer.    23    A We were retained to investigate    24 what happened and identify and preserve and    25 secure the financial information and the</p>
<p style="text-align: right;">Page 32</p> <p>1           <b>MEAGHAN SCHMIDT</b>    2 assets at 885 Third Avenue, as well as any    3 assets connected with BLMIS.    4     Q And what was your role with respect    5 to identifying and preserving information?    6     A I met with BLMIS employees to    7 understand the scope of BLMIS.    8     I worked in securing the various    9 BLMIS locations.    10    Q What do you mean by "securing the    11 various BLMIS locations"?    12    A AlixPartners had retained a    13 locksmith to change the locks at the various    14 Madoff locations.    15    Q When was that?    16    A That was on Friday,    17 December 12th.    18    Q Did you have a team working with    19 you on preserving and identifying    20 information?    21    A Yes.    22    Q Who was on that team?    23    A What time?    24    Q When you were first retained in    25 December 2008.</p>	<p style="text-align: right;">Page 33</p> <p>1           <b>MEAGHAN SCHMIDT</b>    2     A Myself, Harvey Kelly, Dennis    3 O'Connor, Matt Cohen, Bill Kingsford, Seth    4 Alter, Vineet Sehgal, Brett Roberson, Sean    5 Renshaw.    6     There's a few other names,    7 colleagues that were with us initially that    8 I just can't remember --    9     Q And were you supervising everyone    10 that you just listed?    11    A No.    12    Q Who were you supervising, if    13 anyone?    14    A I would have supervised a team, a    15 woman name Lauren Schulman, and a gentleman,    16 Craig Otterman.    17     And there may have been a few    18 others that I'm not remembering right now.    19     Q And was there anyone supervising    20 your work?    21    A Yes.    22    Q Who was that?    23    A Harvey Kelly, Dennis O'Connor, and    24 Matt Cohen.    25    Q Did you keep any records of your</p>

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1 MEAGHAN SCHMIDT  
 2 work preserving and identifying information  
 3 at BLMIS?  
 4 A What do you mean by "records"?  
 5 Q Well, you mentioned you took notes.  
 6 Did those notes include information about  
 7 the preservation and identification of  
 8 information at BLMIS?  
 9 A They may have notes jotted down  
 10 with respect to the locksmith, conversations  
 11 regarding the card swipe system or contacts  
 12 that I had made with building security.  
 13 They could be in there, yes.  
 14 Q Did you produce any memos regarding  
 15 your identification or preservation of  
 16 information at BLMIS?  
 17 A Me personally? Not that I'm aware  
 18 of.  
 19 Q Did anyone else at AlixPartners --  
 20 Sorry. Did I interrupt you?  
 21 A I may have. I don't recall  
 22 specifically producing a memo, a formal  
 23 memo.  
 24 Q Okay.  
 25 MS. HOANG: Just clarify when

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1 MEAGHAN SCHMIDT  
 2 what document I specifically looked at?  
 3 Q Yes, did you keep track of what  
 4 documents you specifically looked at at  
 5 BLMIS?  
 6 A No.  
 7 Q How did you decide what documents  
 8 to look at?  
 9 A I mean, there were certainly  
 10 documents that if I saw something, I would  
 11 pick it up and look at it just to see what  
 12 it was.  
 13 There were interviews with  
 14 employees. And to the extent that they  
 15 referenced a specific document, I would take  
 16 efforts to go find the document and  
 17 physically look at it.  
 18 Q What was the purpose of your  
 19 interviews with employees?  
 20 A To get an understanding of their  
 21 roles and responsibilities and to get the  
 22 knowledge acquisition, is how I would  
 23 classify it.  
 24 Q Did counsel for the Trustee ever  
 25 direct your attention to any documents at

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1 MEAGHAN SCHMIDT  
 2 you say "produce."  
 3 A So if it was in my -- I don't  
 4 remember physically typing a formal  
 5 memorandum on AlixPartners' letterhead  
 6 describing the preservation process.  
 7 Q Are you aware of anyone else that  
 8 may have produced -- excuse me.  
 9 Are you aware of anyone else that  
 10 wrote a memo regarding document preservation  
 11 and information identification at BLMIS?  
 12 A Someone on my team may have, but  
 13 I'm not familiar with a specific memo.  
 14 Q How did you keep track of what  
 15 information you looked at?  
 16 A When you say what I "looked at,"  
 17 what do you mean by that?  
 18 Q Did you look at records or  
 19 documents at BLMIS?  
 20 A Yes.  
 21 Q And how did you keep track of the  
 22 records and documents you looked at at  
 23 BLMIS?  
 24 A Are you asking me if I looked at a  
 25 document, if I kept it -- like, I wrote down

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1 MEAGHAN SCHMIDT  
 2 BLMIS?  
 3 A Direct me to documents at BLMIS?  
 4 Umm, I don't specifically recall if there  
 5 was a request.  
 6 I mean, if they had asked if I had  
 7 known where certain documents were and they  
 8 had directed them, but I don't specifically  
 9 recall if they directed me to anything  
 10 specifically.  
 11 Q What about in preparation for this  
 12 deposition, did counsel direct your  
 13 attention to any documents?  
 14 A We did look at some select  
 15 documents, yes.  
 16 Q What documents were those?  
 17 A We looked at floor plans and then  
 18 examples of an account maintenance folder,  
 19 customer statements, trade confirms, PMRs,  
 20 PMTs.  
 21 I think that's it.  
 22 Q Were any of those documents you had  
 23 seen before?  
 24 A Yes.  
 25 Q Which ones?

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1 MEAGHAN SCHMIDT  
 2 A I had seen all of those types of  
 3 documents before.  
 4 Q Do you know whether you had seen  
 5 those specific documents before?  
 6 A No.  
 7 Q Did you review each of the  
 8 documents in their entirety?  
 9 A At what time?  
 10 Q In preparation for this deposition.  
 11 A No.  
 12 Q And did you request any documents  
 13 in preparation for this deposition?  
 14 A I obtained a copy of my criminal  
 15 trial testimony.  
 16 Q Anything else?  
 17 A I received a copy of the floor  
 18 plans. That would be it.  
 19 Q Did you receive any summaries of  
 20 documents in preparation for this  
 21 deposition?  
 22 MS. HOANG: Objection.  
 23 You can answer.  
 24 A Summaries, no.  
 25 Q You mentioned earlier that you had

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1 MEAGHAN SCHMIDT  
 2 Q Besides Merkin and besides the  
 3 criminal matter.  
 4 A No, I don't believe so.  
 5 Q Have you ever discussed testifying  
 6 as an expert in any matter brought by the  
 7 Trustee?  
 8 MS. HOANG: Again, I'm going to  
 9 caution you not to disclose  
 10 privileged communications.  
 11 A No, I don't believe so.  
 12 Q Did you ever discuss with counsel  
 13 for the Trustee testifying as an expert in  
 14 the Merkin case?  
 15 MS. HOANG: Objection.  
 16 Privileged.  
 17 (Directive.)  
 18 A No.  
 19 Q Are you aware that the Trustee has  
 20 put you on their witness list as a witness  
 21 with knowledge sufficient to authenticate  
 22 BLMIS' books and records?  
 23 A Yes.  
 24 Q Have you reviewed all the documents  
 25 that the Trustee has asked you to

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1 MEAGHAN SCHMIDT  
 2 testified in a criminal trial in connection  
 3 with the Madoff matter?  
 4 A Yes.  
 5 Q Have you ever -- in addition to  
 6 this case, the Merkin matter and the  
 7 criminal matter, have you been involved with  
 8 any other cases brought by Mr. Picard as the  
 9 Madoff Trustee?  
 10 MS. HOANG: Object to the form.  
 11 You can answer.  
 12 A In what capacity?  
 13 Q In any capacity.  
 14 A I don't think so. I don't know if  
 15 any of my work was specifically requested  
 16 related to a specific case that was brought  
 17 on.  
 18 Q Have you ever discussed testifying  
 19 in any other case brought by Mr. Picard?  
 20 MS. HOANG: Just -- I'm  
 21 cautioning the witness not to  
 22 disclose privileged communication.  
 23 A So, are you asking me if the  
 24 Trustees asked me to testify in other  
 25 matters besides this one?

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1 MEAGHAN SCHMIDT  
 2 authenticate?  
 3 A All of the documents?  
 4 Q Yes.  
 5 A If the question is have I reviewed  
 6 all the business records of Madoff, I myself  
 7 have not done that, no.  
 8 Q Has the Trustee told you that  
 9 you'll be testifying with respect to all of  
 10 the business records with -- with respect to  
 11 all the business records of BLMIS?  
 12 MS. HOANG: Objection to form.  
 13 Go ahead, if you understand.  
 14 A Yes.  
 15 Q Have you reviewed all the business  
 16 records of BLMIS?  
 17 A I have not reviewed every single  
 18 piece of paper from BLMIS.  
 19 Q How do you intend to authenticate  
 20 documents you haven't reviewed?  
 21 MS. HOANG: Objection.  
 22 I mean, you are asking her to give  
 23 a legal conclusion about authentication.  
 24 Why don't you ask her what she did at  
 25 BLMIS.

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1 MEAGHAN SCHMIDT  
 2 Q You can answer.  
 3 A I mean --  
 4 MS. HOANG: If you understand  
   5 "authentication," what that means.  
 6 A I've reviewed business records from  
   7 BLMIS.  
 8 Q How do you intend to authenticate  
   9 documents that you haven't reviewed? I  
 10 understand you've reviewed some, but how do  
 11 you intend to authenticate documents you  
 12 have not reviewed?  
 13 MS. HOANG: Objection to form.  
 14 You can answer, if you understand.  
 15 A I don't know what documents -- I'd  
 16 have to see what documents you are referring  
 17 to that I haven't reviewed.  
 18 Q Are there some customer statements  
 19 you haven't reviewed?  
 20 A With respect to specific customers?  
 21 Yes. I haven't reviewed every single  
 22 customer statement.  
 23 Q How would you intend to  
 24 authenticate a customer statement that you  
 25 had never seen before?

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1 MEAGHAN SCHMIDT  
 2 A At 885 Third Avenue.  
 3 Q Did you ever create a BLMIS  
 4 customer statement?  
 5 MS. HOANG: Objection to form.  
 6 Go ahead.  
 7 A I have never created a customer  
 8 statement before, no.  
 9 Q Did you ever witness someone  
 10 creating a customer statement?  
 11 MS. HOANG: Are you talking  
 12 about specifically a BLMIS customer  
 13 statement?  
 14 Q Yes.  
 15 Did you ever witness someone  
 16 creating a BLMIS customer statement?  
 17 A When you say "create," do you mean  
 18 print out on paper or electronically create  
 19 a customer statement?  
 20 Q Did you ever witness someone  
 21 electronically create a customer statement?  
 22 A And when you say "customer  
 23 statement," like the actual format of the  
 24 customer statement or the inputs into a  
 25 customer statement?

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1 MEAGHAN SCHMIDT  
 2 MS. HOANG: Objection. Again,  
 3 to "authentication."  
 4 You can answer, if you understand.  
 5 A I don't specifically know what  
 6 customer statements I haven't seen before.  
 7 I've seen customer statements.  
 8 There's thousands of customers.  
 9 Q And you haven't seen all of the  
 10 customer statements, correct?  
 11 A Right.  
 12 Q On what basis do you intend to  
 13 authenticate customer statements that you  
 14 have reviewed?  
 15 MS. HOANG: Objection. Again,  
 16 to "authenticate."  
 17 A As I said earlier, I don't know  
 18 what statements I have and have not  
 19 reviewed. But if you show me a customer  
 20 statement, I could tell you if that was a  
 21 BLMIS customer statement.  
 22 Q And how would you know that it's a  
 23 BLMIS customer statement?  
 24 A Because I've seen them before.  
 25 Q Where?

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1 MEAGHAN SCHMIDT  
 2 Q The inputs.  
 3 A I have not, no.  
 4 Q Did you create the actual format of  
 5 the customer statements at BLMIS?  
 6 A No.  
 7 Q Do you know who created the actual  
 8 format of the customer statement at BLMIS?  
 9 A I do not.  
 10 Q Do you know who input the  
 11 information into the customer statements at  
 12 BLMIS?  
 13 A Individuals who worked on the  
 14 17th floor.  
 15 Q How do you know that?  
 16 A From interviews and discussions  
 17 with employees.  
 18 Q Anyone specific?  
 19 A Sitting here today, I wouldn't know  
 20 specifically.  
 21 Q Is it true that you have no  
 22 personal firsthand knowledge of who input  
 23 information into the customer statements?  
 24 A That's correct.  
 25 Q Is it true that you have no person

<p style="text-align: right;">Page 46</p> <p>1            MEAGHAN SCHMIDT      2 firsthand information as to who created the      3 form for the customer statements?      4        A That's correct.      5        Q Is it true that you have no      6 personal firsthand knowledge as to who      7 created the BLMIS trade confirmations?      8        A That's correct.      9        Q Have you ever met Bernard Madoff?      10      A No.      11      Q Have you ever met any of the      12 employees of BLMIS?      13      A Yes.      14      Q Who have you met?      15      A All of them.      16      Q Can you name them, please?      17      A I'll try.      18            Annette Bongiorno, Eric Lipkin,      19 Jodi Crupi, Erin Reardon, Robert Cardile,      20 Winifer Jackson, Elithia Muy, I think her      21 last name was M-U-Y. I think her last name      22 is M-U-Y, I don't know how to pronounce it.      23 Elaine Solomon, Peter Madoff, Shana Madoff.      24 The receptionist. I can't think of her name      25 right now.</p>	<p style="text-align: right;">Page 47</p> <p>1            MEAGHAN SCHMIDT      2 Ed Coughlin, Danny Duffy, Dan      3 Bonventre, John Bonventre, the Ferraro      4 brothers. Andrew Connelly, Kevin Fong,      5 Debbie Koster, Craig Kugel, David Kugel, the      6 general counsel, Rick something. Elvis      7 Torres. The Sibley brothers.      8        I'm trying to -- there were so many      9 of them and it's been so long, but those are      10 ones that come to mind.      11      Q And when did you first meet      12 employees of BLMIS?      13      A The morning of December 12th.      14      Q And had you ever met any of the      15 people you just listed prior to December 12      16 of 2008?      17      A No.      18      Q And how often did you meet with the      19 employees you just listed?      20      A I had interactions with them every      21 day that they were at 885.      22      Q What was the time period that you      23 were interacting with the employees at      24 BLMIS?      25      A Well, from December 12, 2008 to</p>
<p style="text-align: right;">Page 48</p> <p>1            MEAGHAN SCHMIDT      2 whenever they were terminated.      3        If they were onsite, I may have      4 bumped into them in the hallway, I may have      5 had a conversation with them. It varied.      6        Q Between December of 2008 and      7 June 2009, how often were you at the BLMIS      8 offices?      9        A With the exception of some      10 weekends, I was there every day.      11      Q And did you take any notes during      12 your interactions with the BLMIS employees?      13      A Yes.      14      Q Did you write any memos regarding      15 your interactions with the BLMIS employees?      16      A I don't know if I specifically      17 typed any formalized memos up. I don't      18 recall.      19      Q Did you ever discuss Mr. Merkin      20 with any of the employees at BLMIS?      21      A I don't believe so.      22      Q Did you ever meet Frank Di'Pascali?      23      A I did not.      24      Q Did you ever discuss any of the      25 Funds with any of the employees for BLMIS?</p>	<p style="text-align: right;">Page 49</p> <p>1            MEAGHAN SCHMIDT      2 A I don't believe so, no.      3        Q Did you discuss any other BLMIS      4 account holders with the employees that you      5 listed?      6        A I may have had conversations about      7 account holders, yes.      8        Q Which account holders did you      9 discuss?      10      A I don't specifically recall sitting      11 here today.      12      Q Who did you have discussions about      13 account holders with?      14      A Jodi Crupi.      15            If any of the employees themselves      16 were account holders, I would have spoken to      17 them.      18      Could you repeat the question just      19 so I can make sure I answer it completely?      20      Q Who did you have discussions about      21 account holders with?      22      A And possibly the FBI.      23      Q What did you discuss with      24 Ms. Crupi?      25      A There were documents on her desk</p>

<p style="text-align: right;">Page 50</p> <p>1           MEAGHAN SCHMIDT      2 that reflected transactional information      3 within customers' accounts that she      4 maintained and so I would have asked her      5 about those documents.</p> <p>6       Q And what did she tell you?      7       A She would have described what the      8 documents were that she was maintaining      9 which reflected redemption requests or      10 specific cash deposits or withdrawals.      11      We talked about account maintenance      12 folders, as an example.      13      Q And what did you discuss with the      14 employees that had BLMIS accounts?      15      A They were questioning what the      16 status of those accounts would be, what was      17 going to happen -- you know, what happened      18 to their money.      19      It was more an identification that      20 they had had the account and, you know, what      21 would happen.      22      Q Did you respond to those questions?      23      A I may have told -- I did respond,      24 but I don't think I had enough information      25 to tell them what would happen to the</p>	<p style="text-align: right;">Page 51</p> <p>1           MEAGHAN SCHMIDT      2 accounts at the time.      3       Q What did you tell them?      4       A That I didn't know what was going      5 to happen to their accounts.      6       Q Was there a reason that Ms. Crupi      7 was maintaining certain account records?      8       A A reason?      9           MS. HOANG: Objection to form.      10       Go ahead.      11      A Other than that I understood that      12 that was one of her responsibilities, her      13 job responsibilities.      14      Q Do you know if Ms. Crupi was      15 responsible for maintaining records for all      16 accounts at BLMIS?      17      A All accounts? I can't say that. I      18 don't know that.      19      Q Why were there certain records on      20 her desk that you just discussed with her?      21           MS. HOANG: Objection.      22       Go ahead and answer.      23      A She maintained what I'll call the      24 checkbook records, which reflected cash      25 deposits and withdrawals related to the</p>
<p style="text-align: right;">Page 52</p> <p>1           MEAGHAN SCHMIDT      2 JPMorgan Chase 703 bank account.      3       Q Were any of those records related      4 to Mr. Merkin?      5       A I can't say for sure. I don't      6 know.      7       Q Do you recall if there was a check      8 record for Ascot?      9       A If there was a deposit or a      10 withdrawal, she would have reflected it on      11 the card -- it was a running -- the index      12 card would maintain balances that were in      13 the checking account for 703.      14      Q Do you recall whether there was any      15 information about the Merkin funds on      16 Ms. Crupi's desk?      17      A I don't specifically recall. I      18 wouldn't have known at the time who the      19 Merkin funds were.      20      Q How many employees were there at      21 BLMIS as of December 2008?      22      A On the employee list or physically      23 present at 885 Third Avenue?      24      Q First, tell me how many were on the      25 employee list?</p>	<p style="text-align: right;">Page 53</p> <p>1           MEAGHAN SCHMIDT      2       A At least 150.      3       Q And about how many employees were      4 present at the offices at 885 Third Avenue      5 on December 11, 2008?      6       A I don't know because I wasn't      7 there.      8       Q Excuse me. Sorry.      9           How many employees were present at      10 the offices at 885 Third Avenue on      11 December 12, 2008?      12      A I would be guessing right now. I      13 honestly don't know.      14      Q More than 15?      15      A Yes.      16      Q More than 50?      17      A Yes.      18      Q More than 75?      19      A I don't know.      20      Q How many floors of 885 Third Avenue      21 did BLMIS occupy?      22      A What do you mean by "occupy"?     23      Q Have offices on.      24      A Offices, there were three floors of      25 offices. The 17, 18, and 19th floor.</p>

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1                   MEAGHAN SCHMIDT  
 2     A   Okay.  
 3     So I have never physically entered  
 4     journal entries into the general ledger of  
 5     BLMIS.  
 6     Q   Do you know who did?  
 7     A   Yes, I do.  
 8     Q   Who? Who was that?  
 9     A   Dan Bonventre and Dan Pennachio are  
 10    two that I can think of.  
 11    Q   And how do you know that?  
 12    A   Well, A, they told me; B, I've  
 13    observed journal entries being entered into  
 14    the system, and we've reviewed the system so  
 15    you're able to see who makes journal  
 16    entries.  
 17    Q   All the journal entries you're  
 18    referring to were made after December 12,  
 19    2008?  
 20    A   I don't know if -- when we were  
 21    working with the accounting systems,  
 22    Mr. Pennachio, as an example, pulls up the  
 23    Great Plains accounting system to provide us  
 24    with extracts of the general ledger system  
 25    on December 12, 2008, and so he would have

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1                   MEAGHAN SCHMIDT  
 2     you referring to?  
 3     A   Invoices as an example.  
 4     Q   Invoices to or from BLMIS?  
 5     A   Invoices to or from BLMIS, yes.  
 6     Q   And do you have any firsthand  
 7     knowledge as to the accuracy of those  
 8     invoices?  
 9     A   If BLMIS receives an invoice that  
 10    they had to make a payment on, there would  
 11    be an underlying documentation. Whether or  
 12    not that was an agreed upon price, I don't  
 13    know the answer to that. I just know it was  
 14    on the document.  
 15    Q   You don't have any firsthand  
 16    knowledge of what the agreed upon price  
 17    might have been for a given invoice?  
 18    A   No.  
 19    Q   And with respect to account  
 20    statements and trade confirmations, you  
 21    don't have any firsthand knowledge of the  
 22    accuracy of any of those entries, do you?  
 23    MS. HOANG: Objection to form.  
 24    Go ahead.  
 25    A   No.

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1                   MEAGHAN SCHMIDT  
 2     showed me the process by which he would have  
 3     entered a journal entry into the system.  
 4     Q   With respect to any journal entry  
 5     that was entered into the system prior to  
 6     December 12, 2008, you don't have any  
 7     firsthand knowledge as to whether that entry  
 8     was accurate; is that correct?  
 9     A   What do you mean by "accurate"?  
 10    Q   What do you think "accurate" means?  
 11    A   If there were journal entries that  
 12    were made into the system prior to me  
 13    arriving on December 12th, I reviewed  
 14    journal entries and I tested them, and so to  
 15    the extent that I tested a transaction  
 16    journal entry that was made into the system  
 17    and there was underlying supporting  
 18    documentation for it, I would have validated  
 19    that entry.  
 20    And it may have been equal to  
 21    the -- the supporting documentation may have  
 22    supported and equated to the entry and so,  
 23    therefore, I would say that that would have  
 24    been an accurate entry.  
 25    Q   What supporting documentation are

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1                   MEAGHAN SCHMIDT  
 2     Q   So turning back to your discussion  
 3     with Mr. Picard -- excuse me.  
 4     And with respect to account  
 5     statements and trade confirmations, you  
 6     don't have any firsthand knowledge as to  
 7     whether those records were maintained in the  
 8     ordinary course of business at BLMIS,  
 9     correct?  
 10    MS. HOANG: Objection to form.  
 11    A   Can you repeat your question?  
 12    Q   With respect to account statements  
 13    and trade confirmations, you don't have any  
 14    firsthand knowledge as to whether those  
 15    records were maintained in the ordinary  
 16    course of business at BLMIS, correct?  
 17    MS. HOANG: Same objection.  
 18    A   I did not witness anybody preparing  
 19    those documents firsthand, no.  
 20    Q   So the answer to my question is no,  
 21    correct?  
 22    MS. HOANG: Same objection to  
 23    form.  
 24    A   That's right.  
 25    Q   Turning back to your discussions

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1 MEAGHAN SCHMIDT  
 2 with Mr. Picard, did any of your discussions  
 3 with Mr. Picard relate to the books and  
 4 records of BLMIS?

5 MS. HOANG: Just caution the  
 6 witness not to disclose privileged  
 7 information -- communications.

8 Sorry.

9 A I did have conversations with  
 10 Mr. Picard about the books and records. I'm  
 11 not sure if those were when he was alone or  
 12 not.

13 Q What did you discuss?

14 MS. HOANG: Again, same caution  
 15 to the witness.

16 A I would have discussed some of  
 17 understanding that I had gathered with  
 18 respect to the general ledger system and  
 19 what we, AlixPartners, did prior to his  
 20 arrival with respect to identifying,  
 21 preserving and securing that information.

22 Q What did AlixPartners do with  
 23 respect to preserving and securing the books  
 24 and records of BLMIS?

25 A Well, we physically secured the

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1 MEAGHAN SCHMIDT  
 2 locations associated with BLMIS that may  
 3 have maintained the books and records.

4 So as I mentioned earlier, we  
 5 talked about physically changing the locks  
 6 to certain locations, the Long Island City  
 7 warehouse, the Bulova Corporate Center, as  
 8 well as the offices and locations at 885  
 9 Third Avenue.

10 We worked with building security at  
 11 885 Third Avenue to cut off the building  
 12 card access for the employees there.

13 We also shut down what I'll call  
 14 the card swipe system that allowed employees  
 15 to enter the floors that the BLMIS business  
 16 occupied.

17 We would have run backups on the  
 18 servers in the various systems to make sure  
 19 that those were preserved.

20 And we -- so the servers -- I'm  
 21 trying think if there's anything else.

22 That's some, to name a few.

23 Q Who took custody of the backups of  
 24 the servers that AlixPartners made?

25 A Somebody on my team.

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1 MEAGHAN SCHMIDT

2 Q Were you involved in that process?

3 A Not directly, no.

4 Q Did you review any of the data that  
 5 was collected from the servers?

6 A At what point in time?

7 Q At any point.

8 A Via the AlixPartners collection?

9 When you say did we view what was collected,  
 10 via the collection we physically made or  
 11 what's your question?

12 Q Is there more than one collection?

13 A Well, I obtained information from  
 14 the servers prior to us making that  
 15 collection. So that's why I'm asking you  
 16 the question.

17 Q What information did you obtain  
 18 from the servers prior to making the  
 19 collection?

20 A I received specific general ledger  
 21 accounting information prior to AlixPartners  
 22 making the collection of the servers.

23 Q And did you review the specific  
 24 general ledger accounting information?

25 A I did.

1 MEAGHAN SCHMIDT

2 Q Did you take notes on your review?

3 A I would have performed some type of  
 4 analysis of what I was provided.

5 Q Can you describe the analysis?

6 A I would have reviewed whatever  
 7 accounting information was provided to me.  
 8 I would have likely made -- I would have  
 9 sampled it so that I wasn't looking at every  
 10 single transaction. And I would have  
 11 requested some type of supporting  
 12 documentation so that I could validate those  
 13 particular transactions that were entered  
 14 into the system.

15 Q And what sort of supporting  
 16 documentation did you receive?

17 A Invoices.

18 Q And who gave you those invoices?

19 A Dan Pennachio.

20 Q And who is Dan Pennachio?

21 A He was the accounts payable  
 22 clerk -- he was responsible for accounts  
 23 payable.

24 Q Was he an employee of BLMIS?

25 A Yes.

<p style="text-align: right;">Page 70</p> <p>1           MEAGHAN SCHMIDT      2       Q In addition to reviewing      3 information for the general ledger, did you      4 review any other electronic information from      5 BLMIS?      6       A Employee listing. In all points      7 and time I was at 885 Third Avenue?      8       Q Yeah, at any point.      9       A I reviewed bank statements. I      10 reviewed payroll records. That's what comes      11 to mind right now.      12      Q For what purpose did you review the      13 bank statements and payroll records?      14      A With respect to the bank      15 statements, we were trying to get a handle      16 of the inflows and outflows of monies into      17 the bank accounts and we were comparing      18 those inflows and outflows and trying to      19 gain insight as to how monies were moving      20 and how that may have compared to something      21 like, you know, the Jodi checkbook file, as      22 an example, those index cards I had      23 previously described.      24      What was the other -- bank      25 statement -- could you repeat the question?</p>	<p style="text-align: right;">Page 71</p> <p>1           MEAGHAN SCHMIDT      2       Q And payroll documents.      3       A Payroll documents.      4           So with respect to payroll      5 documents, we were comparing those payroll      6 records to the employee listing to make sure      7 that people who were receiving payroll or      8 salary were actual employees of the      9 business.      10     Q Did AlixPartners collect all the      11 electronic records of BLMIS?      12     A Yes.      13     Q Did you have any role in that      14 collection process?      15     A Yes.      16     Q What was your role?      17     A To the extent that I identified a      18 piece of media, such as a thumb drive or a      19 laptop or a backup tape, I would collect      20 that and provide that to my team members who      21 handled the e-discovery side of things where      22 they would prepare chain of custody document      23 and those pieces of evidence would be      24 maintained in an evidence bag with the chain      25 of custody documentation.</p>
<p style="text-align: right;">Page 72</p> <p>1           MEAGHAN SCHMIDT      2       And I also observed my team members      3 meeting with various members of the IT      4 Department to understand the computer      5 systems and networks.      6       Q Did AlixPartners collect all of the      7 hard copy records at BLMIS?      8       A All the hard copy documents that      9 were located at 885 were scanned.      10      The documents may have been taken      11 over by the FBI and so I'm not sure if they      12 were all collected by us at that time.      13      Q What was your role with respect to      14 the collection of paper documents at BLMIS?      15      A I assisted the team who was      16 inventory and indexing the warehouse, as an      17 example, the boxes that were at the      18 warehouse and what was maintained in those.      19      I worked with the scanning company      20 to identify the various documents that were      21 maintained by different individuals that      22 were maintained onsite at 885, so that would      23 be two examples.      24      Q Did you review account statements      25 at BLMIS?</p>	<p style="text-align: right;">Page 73</p> <p>1           MEAGHAN SCHMIDT      2       A If I reviewed a printed account      3 statement, it may have been if it was -- I      4 could have seen one if it was on someone's      5 desk or in the printing room on the      6 17th floor.      7           I don't know what you mean by      8 "review," but I did see account statements      9 while I was onsite.      10     Q Do you remember looking at any      11 specific account statements?      12     A No, I couldn't tell you like a      13 specific account name of the statements that      14 I looked at.      15     Q Did you discuss Merkin, GCC or any      16 of the Funds at any of your one-on-one      17 meetings with Mr. Picard?      18     A No.      19     Q What was the topic of your meeting      20 with Mr. Picard last week?      21     MS. HOANG: Again, same      22 caution.      23     A I needed to give him a check to      24 sign.      25     Q What was the check for?</p>

<p style="text-align: right;">Page 82</p> <p>1           MEAGHAN SCHMIDT      2     Q   How do you know that?      3     A   From the fax cover.      4     Q   Looking at the second page of the      5    document, this is an example of a trade      6    confirmation, correct?      7     A   Yes.      8     Q   When was the first time you saw a      9    trade confirmation?      10    A   It could have been as early as      11   December -- some time in December when I was      12   on the 17th floor.      13    Q   Is that December 2008?      14    A   Yes.      15    Q   Prior to December 2008, had you      16   ever seen a BLMIS trade confirmation?      17    A   No.      18    Q   Prior to December 12, 2008, had you      19   ever seen a BLMIS trade confirmation?      20    A   No.      21    Q   And you don't have any knowledge of      22   how this was created; is that correct?      23    A   That's correct.      24    MS. HOANG: Just objection to      25   form.</p>	<p style="text-align: right;">Page 83</p> <p>1           MEAGHAN SCHMIDT      2     Q   And that would be true of any BLMIS      3    trade confirmation from before December 12,      4    2008 that I were to show you; is that      5    correct?      6     MS. HOANG: Objection to form.      7     A   That's correct.      8     Q   And you don't know whether this      9    accurately reflects a trade that occurred,      10   do you?      11    A   My understanding is that trades did      12   not occur on the 17th floor, so ...      13    Q   But you don't know whether this      14   trade specifically happened?      15    A   That's correct.      16    Q   And that would be true of any trade      17   confirmation from BLMIS prior to      18   December 12, 2008?      19     MS. HOANG: Objection to form.      20    A   With respect to the 17th floor      21   trade confirmations, that's correct.      22    (Schmidt Exhibit 2, Group      23   Buying Power, Bates Numbered      24   MF-00054702 through MF-00054714,      25   was marked for Identification.)</p>
<p style="text-align: right;">Page 84</p> <p>1           MEAGHAN SCHMIDT      2    BY MS. BRONEN:      3     Q   I'm now handing you a document      4    that's marked as Schmidt Exhibit 2. The      5   Bates Number on the first page of the      6   document is MF-00054702.      7     MS. HOANG: For the record, the      8   document is consecutively Bates      9   Numbered to MF-00054714.      10    And when we get a chance, I'll do      11   the same for Schmidt Exhibit 1, just so      12   we have it.      13    While Ms. Schmidt is looking at it,      14   for the record, Schmidt 1 is Bates      15   numbers MADTSS-00210895. It's      16   consecutively Bates Numbered to      17   MADTSS-00210899.      18    Q   Do you recognize this document?      19    A   I do not.      20    Q   It's an example of a BLMIS customer      21   statement; is that right?      22    MS. HOANG: Objection to form.      23    A   This is not the customer statement      24   that I'm familiar with.      25    Q   Have you ever seen documents like</p>	<p style="text-align: right;">Page 85</p> <p>1           MEAGHAN SCHMIDT      2    this before?      3     A   I have not.      4     Q   So you don't know if documents --      5    how documents like this or documents in      6   similar format to this were created,      7   correct?      8     MS. HOANG: Objection to form.      9     A   That's correct.      10    Q   And you don't know whether      11   documents like this or documents in similar      12   form were accurate at the time they were      13   created; is that correct?      14    MS. HOANG: Objection to form      15    and "other similar documents" -- or      16    "documents in similar form."      17    A   Yeah, I don't know.      18    Q   You don't know --      19      (Schmidt Exhibit 3, Chart with      20   handwriting, Bates Numbered      21   MADTSS-01120262, was marked for      22   Identification.)      23    BY MS. BRONEN:      24      Q   I'm now handing you what's been      25   marked as Schmidt Exhibit 3. The document</p>

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1 MEAGHAN SCHMIDT  
 2 is Bates Numbered MADTSS-01120262.  
 3 Do you recognize this document?  
 4 A I do not.  
 5 Q Do you know whose handwriting this  
 6 is?  
 7 A I'm not a handwriting expert, but  
 8 it looks like either Frank's or Jodi  
 9 Crupi's.  
 10 Q How do you know that?  
 11 A Because I've seen their handwriting  
 12 before.  
 13 MS. HOANG: Is this the  
 14 complete document as it was grouped  
 15 in the pdf?  
 16 MS. BRONEN: Yes. I didn't  
 17 split it up.  
 18 MS. HOANG: Okay. I just  
 19 wanted that on the record.  
 20 A I've seen other documents with  
 21 their handwriting on them.  
 22 Q Did you help prepare this document?  
 23 A I did not.  
 24 Q And you don't know whether it was  
 25 accurate at the time it was created,

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1 MEAGHAN SCHMIDT  
 2 A I don't recognize this specific  
 3 document, but I've seen documents like this.  
 4 Q Where have you seen documents like  
 5 this before?  
 6 A On the 17th floor.  
 7 Q Had you seen any documents like  
 8 this prior to December 12, 2008?  
 9 A No.  
 10 Q What is this document?  
 11 A This is the Account Maintenance  
 12 Folder for Willie R. Stra -- I don't know  
 13 how to pronounce the last name.  
 14 Q Have you seen this folder before?  
 15 A This specific folder, I don't  
 16 believe so, no.  
 17 Q And how do you know that this is  
 18 the Account Maintenance Folder for this  
 19 customer, Willie?  
 20 A Well, these folders were maintained  
 21 in manila folders with a label on top of  
 22 them, such as the one that's on here, and  
 23 within the Account Maintenance Folder, there  
 24 were certain documents that were required to  
 25 be in there with respect to account

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1 MEAGHAN SCHMIDT  
 2 correct?  
 3 A That's correct.  
 4 MS. HOANG: Objection to form.  
 5 Q And that would be true of other  
 6 handwritten documents that were created  
 7 before December 12, 2008, correct?  
 8 MS. HOANG: Objection to form.  
 9 Sorry.  
 10 MS. BRONEN: That's okay.  
 11 A That's correct.  
 12 Q Have you seen other documents  
 13 similar to Schmidt 3?  
 14 A No.  
 15 (Schmidt Exhibit 4, Bates  
 16 Numbered MADTBB-02389612 to  
 17 MADTBB-02389612, was marked for  
 18 Identification.)  
 19 BY MS. BRONEN:  
 20 Q I'm now handing you a document  
 21 marked Schmidt Exhibit 4. The beginning  
 22 Bates Number is MADTBB-02389612. And it's  
 23 consecutively marked, the end Bates is  
 24 MADTBB-02389628.  
 25 Do you recognize this document?

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1 MEAGHAN SCHMIDT  
 2 openings, so I see like the address, file  
 3 maintenance document. This typically would  
 4 have been one of the first documents that  
 5 you would see in an Account Maintenance  
 6 Folder.  
 7 I see correspondence between the  
 8 customer and individuals at Madoff.  
 9 I see the W-8. There was always  
 10 usually some type of tax document within the  
 11 Account Maintenance Folder.  
 12 The agreement. These are the type  
 13 of documents that I have seen in the Account  
 14 Maintenance Folders before.  
 15 Q Who told you how these documents  
 16 were maintained?  
 17 A Jodi Crupi.  
 18 Q Did Jodi tell you that she helped  
 19 prepare these documents, these folders?  
 20 A When you say "prepare," what do you  
 21 mean by that?  
 22 Q You don't have any firsthand  
 23 knowledge of whether any of the documents in  
 24 this folder was accurate at the time it was  
 25 created, correct?

<p style="text-align: right;">Page 90</p> <p>1           MEAGHAN SCHMIDT      2       MS. HOANG: Objection to form.      3       A   That's correct.      4       Q   And you don't have any firsthand      5       knowledge as to whether this was maintained      6       in the ordinary course at BLMIS; is that      7       correct?      8       MS. HOANG: Objection to form.      9       A   That's correct.      10      Q   And you don't have any firsthand      11      knowledge as to whether any account folder      12      was maintained in the ordinary course at      13      BLMIS; is that correct?      14      MS. HOANG: Objection. Not      15      just to form, but any other questions      16      that talk about the ordinary course      17      at BLMIS.      18      You can answer.      19      A   Can you repeat the question? I'm      20      sorry.      21      Q   You don't have any firsthand      22      knowledge as to whether any account folder      23      was maintained in the ordinary course of      24      business at BLMIS; is that correct?      25      MS. HOANG: Same objections.</p>	<p style="text-align: right;">Page 91</p> <p>1           MEAGHAN SCHMIDT      2       A   Prior to December 12, no, but      3       there's hundreds of these on 17th floor,      4       so I would assume that this was ordinary      5       course to maintain an Account Maintenance      6       Folder.      7       Q   That's your assumption, not      8       personal knowledge, correct?      9       A   You know, I saw hundreds of these,      10      so ...      11      I understand that this was part --      12      the Account Maintenance Folder was part of      13      opening an account. Jodi told us that and      14      then I saw these Account Maintenance      15      Folders when I was on the 17th floor.      16      Q   That understanding is based on      17      information you gathered from employees at      18      BLMIS after December 12, 2008; is that      19      correct?      20      A   I was verbally told that, that's      21      correct, but then I saw the physical folders      22      on the 17th floor.      23      Q   And you don't have any firsthand      24      knowledge as to whether any of the      25      information in the account folders was</p>
<p style="text-align: right;">Page 92</p> <p>1           MEAGHAN SCHMIDT      2       accurate at the time it was created; is that      3       correct?      4       A   That's correct.      5       MS. HOANG: Objection to form.      6       Q   And you have no information -- no      7       firsthand knowledge as to who prepared the      8       account folders; is that correct?      9       MS. HOANG: Objection to form.      10      A   I understand that Jodi Crupi      11      maintained the folders.      12      As to whether or not who added the      13      specific papers within them, I don't know if      14      it was her or someone on her team.      15      Q   And you knew Jodi Crupi maintained      16      the folders because she told you?      17      A   Yeah, that's right.      18      (Schmidt Exhibit 5, Amended US      19      Individual Income 2002 Tax Return      20      1040X for Bernard and Ruth Madoff,      21      Bates Numbered FRISAB-0002010      22      through FRISAB-0002099, was marked      23      for Identification.)      24      BY MS. BRONEN:      25      Q   I'm now handing you an exhibit</p>	<p style="text-align: right;">Page 93</p> <p>1           MEAGHAN SCHMIDT      2       that's been marked as Schmidt Exhibit 5.      3       It's consecutively Bates Numbered      4       FRISAB-0002010 through FRISAB-0002099.      5       MS. HOANG: Just note that the      6       FRISAB Bates Number is not from the      7       BLMIS production. These documents      8       were produced by Friehling &amp;      9       Horowitz.      10      Q   Did you know anything about the      11      Bates numbers prior to today?      12      A   In terms of the format of them?      13      Q   What they mean.      14      A   I mean, I know who Friehling is, so      15      I would assume that this came from      16      Friehling.      17      But prior to me just looking at      18      this now, I didn't know the setup of the      19      Bates numbers before today.      20      Q   Do you recognize this document?      21      A   Yes.      22      Q   Have you seen this before?      23      A   I have.      24      Q   When?      25      A   Some time in December of 2008.</p>

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1 MEAGHAN SCHMIDT

2 Q Who showed you this document?  
 3 A We were provided with tax returns  
 4 from either Enrica Cotellessa-Pitz or Dan  
 5 Bonventre. And I'm not sure if it was this  
 6 specific tax return, but I have seen tax  
 7 returns before.

8 Q You're not sure you've ever seen  
 9 the 2002 Madoff tax return?

10 A So I'm not sure if I've seen the  
 11 2002, and if I only saw -- I don't know if I  
 12 saw this whole entire packet.

13 MS. HOANG: Just to clarify.

14 This is the 2002 individual -- I'm  
 15 sorry.

16 Amended US Individual Income Tax  
 17 Return for Bernard L. Madoff and Ruth  
 18 Madoff. Just want to clarify because she  
 19 said "Madoff," and I know we've all used  
 20 the terminology "Madoff" to mean BLMIS  
 21 together, so ...

22 Q You're not sure if you've seen this  
 23 specific document before; is that correct?

24 A That's correct.

25 Q And you never saw any BLMIS or

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1 MEAGHAN SCHMIDT

2 individual Madoff tax return prior to  
 3 December 12, 2008; is that correct?

4 MS. HOANG: Objection to form.

5 A That's correct.

6 Q And do you know who prepared this  
 7 document?

8 A I do.

9 Q Who prepared the document?

10 A Friehling & Horowitz.

11 Q How do you know that?

12 A I know that Friehling & Horowitz  
 13 was the accountant for BLMIS.

14 And then on page Bates ending in  
 15 2010, it says that the pay preparer's name  
 16 is -- the firm name is listed on the tax  
 17 return.

18 Q You didn't have any role in  
 19 preparing individual tax returns for Bernard  
 20 Madoff, for Ruth Madoff or tax returns for  
 21 BLMIS prior to December 12, 2008; is that  
 22 correct?

23 MS. HOANG: Objection to form.

24 A That's correct.

25 Q And you have no firsthand knowledge

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1 MEAGHAN SCHMIDT

2 as to whether the information in this tax  
 3 return was accurate at the time it was  
 4 created; is that correct?

5 MS. HOANG: Objection to form.

6 A That's correct.

7 Q And you don't have any firsthand  
 8 knowledge as to whether the information in  
 9 any of the Bernard Madoff, Ruth Madoff or  
 10 BLMIS tax returns was accurate at the time  
 11 they were created; is that correct?

12 MS. HOANG: Objection.

13 A That's correct.

14 Q I'm now passing what's been marked  
 15 Schmidt Exhibit 6. It's consecutively  
 16 marked MADTEE-00045777 through  
 17 MADTEE-00045783.

18 (Schmidt Exhibit 6, Madoff  
 19 Investment Securities Statement of  
 20 Financial Condition, October 31,  
 21 2007, Bates Numbered  
 22 MADTEE-00045777 through  
 23 MADTEE-00045783, was marked for  
 24 Identification.)

25 BY MS. BRONEN:

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1 MEAGHAN SCHMIDT

2 Q Do you recognize this document?

3 A Yes.

4 Q What is it?

5 A This would be the October 31, 2007  
 6 financial statements of BLMIS.

7 Q Have you seen this document before?

8 A I have, yes.

9 Q Who showed you this document?

10 A Either Enrica Cotellessa-Pitz or  
 11 Dan Bonventre.

12 Q Did you have any role in preparing  
 13 this document?

14 A I did not.

15 Q Did you have any role in preparing  
 16 any financial statements of BLMIS prior to  
 17 December 12, 2008?

18 A No.

19 Q And you don't have any firsthand  
 20 knowledge as to whether any of the  
 21 information in this document was accurate at  
 22 the time it was created; is that correct?

23 MS. HOANG: Objection to form.

24 A That's correct.

25 Q Did you ever meet any of BLMIS'

<p style="text-align: right;">Page 98</p> <p>1                   MEAGHAN SCHMIDT    2 auditors?    3                   A No.    4                   Q Did you meet Mr. Friehling?    5                   A No.    6                   Q And you don't have any firsthand --    7 strike that. I apologize.    8                   MS. HOANG: When there's a    9 reasonable time to take a break.    10                  MS. BRONEN: Sure. Any time.    11                  MS. HOANG: I didn't want to be    12 in the middle of another exhibit    13 before we take a break.    14                  MS. BRONEN: No, happy to take    15 one.    16                  THE VIDEOGRAPHER: The time is    17 12:52 p.m. This is the end of Media    18 Number 2. We're off the record.    19                  (A brief recess was    20 taken.)    21                  THE VIDEOGRAPHER: The time is    22 1:27 p.m. This is the start of Media    23 Number 3. We're on the record.    24 BY MS. BRONEN:    25                  Q Ms. Schmidt, did you have a formal</p>	<p style="text-align: right;">Page 99</p> <p>1                   MEAGHAN SCHMIDT    2 role with respect to selecting which    3 documents would be copied and preserved by    4 AlixPartners?    5                   A I was involved in that process and    6 we didn't select what was preserved.    7 Everything that was at 885 was preserved.    8 There was no selection process.    9                  Q And who was in charge of collecting    10 the documents at 885?    11                  A We had an outside vendor who did    12 the scanning of the hard paper documents,    13 and so we worked with them to identify the    14 documents, the area of where the documents    15 were and they worked at our direction.    16                  Q And did you have any role in    17 maintaining the documents that were    18 collected from BLMIS?    19                  MS. HOANG: Objection.    20                  Go ahead.    21                  A What do you mean "maintain"? What    22 do you mean by that?    23                  Q Did you create a catalog of the    24 documents?    25                  A I specifically did not, but the</p>
<p style="text-align: right;">Page 100</p> <p>1                   MEAGHAN SCHMIDT    2 vendor that was scanning maintained that    3 record, and when I worked in the warehouse,    4 I assisted in creating the index of the    5 boxes that were maintained in the warehouse    6 and the contents of the boxes.    7                  Q Was there a person at AlixPartners    8 or anywhere else that was in charge of the    9 collection and maintenance of books and    10 records of BLMIS?    11                  A We worked as a team, so I don't    12 know that I can name one specific person    13 that was directly responsible for that. I    14 think we all had a role in that process.    15                  Q And how would you describe your    16 role personally with respect to collecting    17 and maintaining the books and records of    18 BLMIS?    19                  A I obtained -- I had copies of the    20 floor plan, so I would have noted where    21 people's offices were and ensured that    22 certain -- the offices and the vendors knew    23 where the offices were and made sure that    24 those documents were getting scanned.    25                  Q Was a central part of your</p>	<p style="text-align: right;">Page 101</p> <p>1                   MEAGHAN SCHMIDT    2 responsibility to be involved in the    3 collection and maintenance of the books and    4 records of BLMIS?    5                  A We were responsible for preserving    6 and securing all records that were    7 maintained by BLMIS. So that was a central    8 role of AlixPartners, yes.    9                  Q And was it a central part of your    10 personal responsibilities to be involved in    11 the collection and maintenance of the books    12 and records of BLMIS?    13                  A I definitely played a role in that,    14 yes.    15                  Q What percentage of your    16 responsibility is related to collecting and    17 preserving the books and records of BLMIS?    18                  A I feel like I did it everyday, so I    19 don't know that I could give a percentage to    20 it.    21                  If there was a document that I saw    22 that needed to get scanned or if I saw some    23 type of media, I would pick it up. So I    24 don't know -- and give the proper chain of    25 custody information.</p>

<p style="text-align: right;">Page 102</p> <p>1           <b>MEAGHAN SCHMIDT</b></p> <p>2     Q And how often did it occur that you</p> <p>3     found something that needed to be logged or</p> <p>4     scanned?</p> <p>5     MS. HOANG: Objection to form.</p> <p>6     A I mean, I think the entire time</p> <p>7     that I was at 885 Third Avenue, I worked</p> <p>8     with the vendor, the scanning vendor to make</p> <p>9     sure the 18th and 19th floor documents</p> <p>10    were being scanned, and they were there for</p> <p>11    a few months.</p> <p>12    Q Would you say that when you</p> <p>13    identified documents or records that needed</p> <p>14    to be collected, was it typically because as</p> <p>15    an incident to your other responsibilities?</p> <p>16    A No, I wouldn't say it was an</p> <p>17    incident. I would view that as part of my</p> <p>18    role within the team that we were</p> <p>19    responsible for making sure that everything</p> <p>20    was preserved at 885.</p> <p>21    Q Did you affirmatively look for</p> <p>22    things to collect and preserve?</p> <p>23    A We didn't have to look because we</p> <p>24    preserved everything that was onsite, so, I</p> <p>25    had the floor plan, I knew where people sat,</p>	<p style="text-align: right;">Page 103</p> <p>1           <b>MEAGHAN SCHMIDT</b></p> <p>2     what their general area of responsibility</p> <p>3     was and everything was maintained and</p> <p>4     scanned.</p> <p>5     So it wasn't a matter of, you know,</p> <p>6     looking or hunting through people's files.</p> <p>7     Q Did you have any direct</p> <p>8     responsibility for making sure that every</p> <p>9     single thing got collected and preserved?</p> <p>10    A I was part of the team that had</p> <p>11    that responsibility. The AlixPartners team</p> <p>12    had that responsibility.</p> <p>13    Q Was there someone who was in charge</p> <p>14    of making sure that every single thing was</p> <p>15    collected and preserved at BLMIS?</p> <p>16    A I wouldn't say there was a central</p> <p>17    point of contact, no.</p> <p>18    (Schmidt Exhibit 7, Ascot</p> <p>19    Partners document dated January 31,</p> <p>20    2007, Bates Numbered</p> <p>21    MDPTPP-00020630 through</p> <p>22    MDPTPP-00020635, was marked for</p> <p>23    Identification.)</p> <p>24    BY MS. BRONEN:</p> <p>25    Q I'm now handing you a document</p>
<p style="text-align: right;">Page 104</p> <p>1           <b>MEAGHAN SCHMIDT</b></p> <p>2     that's been marked as Schmidt Exhibit 7.</p> <p>3     It's consecutively Bates Numbered</p> <p>4     MDPTPP-00020630 through MDPTPP-00020635.</p> <p>5     Do you recognize this document?</p> <p>6     A I recognize documents that look</p> <p>7     like this, yes. Not this specific document.</p> <p>8     Q You've never seen this document</p> <p>9     before?</p> <p>10    A I've never seen this specific Ascot</p> <p>11    Partners document dated January 31, 2007.</p> <p>12    Q You've seen other documents that</p> <p>13    look similar to this?</p> <p>14    A Yes.</p> <p>15    Q What is it?</p> <p>16    A Customer Account Statement.</p> <p>17    Q Did you ever see a Customer Account</p> <p>18    Statement prior to December 12, 2008?</p> <p>19    A No.</p> <p>20    Q And you don't have any firsthand</p> <p>21    knowledge as to how these documents were</p> <p>22    created?</p> <p>23    MS. HOANG: Objection to form.</p> <p>24    A No.</p> <p>25    Q And you don't have any firsthand</p>	<p style="text-align: right;">Page 105</p> <p>1           <b>MEAGHAN SCHMIDT</b></p> <p>2     knowledge as to whether this document and</p> <p>3     documents like it were accurate at the time</p> <p>4     that they were created?</p> <p>5     MS. HOANG: Objection to form.</p> <p>6     A No.</p> <p>7     Q And you don't have any firsthand</p> <p>8     knowledge as to whether this document and</p> <p>9     other documents like it -- strike that.</p> <p>10    And you don't have any firsthand</p> <p>11    knowledge as to whether account statements</p> <p>12    at BLMIS were kept in the ordinary course of</p> <p>13    business; is that correct?</p> <p>14    MS. HOANG: Objection to form.</p> <p>15    A I don't have any firsthand</p> <p>16    knowledge, that's correct.</p> <p>17    (Schmidt Exhibit 8, Portfolio</p> <p>18    Management Report, Bates Numbered</p> <p>19    MADTSS-00200225 through</p> <p>20    MADTSS-00200409, was marked for</p> <p>21    Identification.)</p> <p>22    BY MS. BRONEN:</p> <p>23    Q I'm now handing you a document</p> <p>24    that's been marked as Schmidt Exhibit 8.</p> <p>25    It is consecutively Bates Numbered</p>

<p style="text-align: right;">Page 106</p> <p>1            MEAGHAN SCHMIDT      2     MADTSS-00200225 through 00200409.      3       Do you recognize this document?      4     A   Yes.      5     Q   What is it?      6     A   Portfolio Management Report or PMR.      7     Q   And how do you know that?      8     A   Title on the top.      9     Q   Have you ever seen this document before?      10      A   I haven't seen this specific document dated December 31, '91, but I have seen PMRs before.      11      Q   When was that? When did you see other documents like this?      12      A   After December 12, 2008.      13      Q   And you don't have any firsthand knowledge as to whether these documents were accurate at the time they were created; is that correct?      14      MS. HOANG: Objection.      15      A   That's correct.      16      Q   And you don't have any firsthand knowledge as to how these documents were created; is that correct?</p>	<p style="text-align: right;">Page 107</p> <p>1            MEAGHAN SCHMIDT      2     MS. HOANG: Objection.      3     A   That's correct.      4     Q   Do you know who -- never mind. Strike that.      5            Were you involved in collecting these Portfolio Manager Reports?      6     A   If they were located on the premises of BLMIS, then yes, I was part of that process.      7     Q   Do you know whether there were any Portfolio Manager Reports located on the premises of BLMIS?      8     A   I'm sure there were. I don't know specifically where they would have -- the hard copy of this would have been maintained other than on the 17th floor.      9     Q   Do you know how they were collected?      10      A   You mean physically how they were collected for scanning?      11      Q   Do you know whether this original file was electronic or hard copy?      12      A   I'm assuming it's hard copy because there's handwritten notes on it.</p>
<p style="text-align: right;">Page 108</p> <p>1            MEAGHAN SCHMIDT      2     Q   Do you know if all Portfolio Management Reports were hard copy?      3     A   They would have to have been a soft copy maintained on the AS400.      4     Q   Do you know that or are you assuming?      5     A   The AS400 would contain the information that would prepare a PMR.      6     Q   Did you ever see a PMR created after December 12, 2008?      7     A   No.      8     Q   And you never saw one created prior to December 12, 2008; is that correct?      9     A   That's correct.      10      (Schmidt Exhibit 9, Bates Numbered MADTBB-02080361, was marked for Identification.)      11      BY MS. BRONEN:      12      Q   I'm now handing you an exhibit that's marked as Schmidt Exhibit 9.      13      It is Bates Numbered MADTBB-02080361.      14      MS. HOANG: Is this the entire bio that was contained in the file?</p>	<p style="text-align: right;">Page 109</p> <p>1            MEAGHAN SCHMIDT      2     MS. BRONEN: Yes.      3     MS. HOANG: Just this one page?      4     MS. BRONEN: Yes.      5     MS. HOANG: Okay.      6     MR. STEINER: We're just as confused.      7     BY MS. BRONEN:      8     Q   Do you recognize this document?      9     A   No.      10      Q   Do you know what it is?      11      A   No.      12      MS. HOANG: I believe that this is part of -- it was just the way it was scanned, but there's part of documents afterwards on the exhibit list that should be part of this, but I can verify -- I can't verify that sitting here.      13      A   I don't know what this is.      14      Q   No idea. Okay.      15      (Schmidt Exhibit 10, Statement of Account for Month Ending December 31, 1991, Bates Numbered MSYSAB-0000100 through</p>

Page 114	Page 115
<p>1                   MEAGHAN SCHMIDT</p> <p>2     A   No.</p> <p>3     Q   Do you know who Sylvia Joel is?</p> <p>4     A   I believe she's related to Amy</p> <p>5     Joel, who was an employee at Madoff.</p> <p>6                   (Schmidt Exhibit 14, Frank</p> <p>7                   Report, Not Working Figures for 30</p> <p>8                   and 40 Accounts, Bates Numbered</p> <p>9                   MADTSS-01123545 through</p> <p>10                  MADTSS-01123550, was marked for</p> <p>11                  Identification.)</p> <p>12   BY MS. BRONEN:</p> <p>13    Q   I'm now handing you a document</p> <p>14                  that's been marked as Schmidt Exhibit 14.</p> <p>15                  It's consecutively Bates Numbered</p> <p>16                  MADTSS-01123545 through 01123550.</p> <p>17                  Do you recognize this document?</p> <p>18    A   Yes.</p> <p>19    Q   What is it?</p> <p>20    A   This is a Frank Report.</p> <p>21    Q   What is a Frank Report?</p> <p>22    A   This was a report that</p> <p>23                  Mr. DiPascali maintained.</p> <p>24    Q   How do you know that?</p> <p>25    A   It says Frank's name up top on the</p>	<p>1                   MEAGHAN SCHMIDT</p> <p>2                  left corner.</p> <p>3     Q   You have no firsthand knowledge of</p> <p>4                  when this document was created; is that</p> <p>5                  correct?</p> <p>6                  MS. HOANG: Objection to form.</p> <p>7     A   Looks like it was created on</p> <p>8                  December 8th.</p> <p>9     Q   And do you have any other reason to</p> <p>10                 believe that besides the fact that it says</p> <p>11                 it at the top of the document?</p> <p>12    A   No.</p> <p>13    Q   And you have no firsthand knowledge</p> <p>14                 of whether this document was accurate at the</p> <p>15                 time it was created; is that correct?</p> <p>16                  MS. HOANG: Objection to form.</p> <p>17    A   That's correct.</p> <p>18    Q   Did you help prepare this document?</p> <p>19    A   I did not.</p> <p>20    Q   Do you have any firsthand knowledge</p> <p>21                 of whether this document was kept in the</p> <p>22                 ordinary course of business at BLMIS?</p> <p>23    A   I do not.</p> <p>24    Q   MS. HOANG: Objection.</p> <p>25    Q   If you wouldn't mind taking a look</p>
<p style="text-align: center;">Page 116</p> <p>1                   MEAGHAN SCHMIDT</p> <p>2                  at the columns across the top of the first</p> <p>3                  page.</p> <p>4                  Can you tell me what they mean,</p> <p>5                  going from left to right?</p> <p>6     A   The Account, which is the left</p> <p>7                  farthest left column is the account number</p> <p>8                  of the account holder at BLMIS.</p> <p>9                  The Name column would be the</p> <p>10                 Account Name.</p> <p>11                  I don't recall what the 30 and 40</p> <p>12                 designation stands for. I'm not sure if</p> <p>13                 that's -- there are other parts of an</p> <p>14                 account number and I'm not sure if the 30</p> <p>15                 and 40 relates to that, but these appear to</p> <p>16                 be what's titled Cash Balances.</p> <p>17                  And then there's column called Not</p> <p>18                 Working.</p> <p>19                  And a Debit Balance column on the</p> <p>20                 far right.</p> <p>21    Q   And do you have any firsthand</p> <p>22                 knowledge of how these columns were</p> <p>23                 populated?</p> <p>24    A   I do not.</p> <p>25    Q   And any knowledge at all of what</p>	<p style="text-align: center;">Page 117</p> <p>1                   MEAGHAN SCHMIDT</p> <p>2                  "not working" means?</p> <p>3     A   I seem to recall it represents</p> <p>4                  what's not in the basket.</p> <p>5     Q   What do you mean by "in the</p> <p>6                  basket"?</p> <p>7     A   That it was not part of trade --</p> <p>8                  what would be listed as trade information on</p> <p>9                  a customer account.</p> <p>10    Q   But you don't have any -- and you</p> <p>11                 don't have any firsthand knowledge of what</p> <p>12                 would have been in or out of the basket at</p> <p>13                 any given time?</p> <p>14    A   No, I do not.</p> <p>15    Q   MS. HOANG: Objection.</p> <p>16    Q   How did accounts get selected to</p> <p>17                 appear on this list?</p> <p>18    A   I don't know.</p> <p>19    Q   Did you ever ask anyone at BLMIS</p> <p>20                 that question?</p> <p>21    A   No, I did not, no.</p> <p>22    Q   Is this the list that Mr. DiPascali</p> <p>23                 had that you testified in the criminal</p> <p>24                 trial?</p> <p>25                  MS. HOANG: Objection.</p>

<p style="text-align: right;">Page 122</p> <p>1            MEAGHAN SCHMIDT      2        Q I'm now handing you a document      3     that's been marked Schmidt Exhibit 18.      4        It's consecutively Bates stamped      5     MADTSS-00329114 through 00329127.      6        Do you recognize this document?      7        A I don't recognize this exact      8     document, no.      9        Q Have you seen documents like this      10   before?      11      A This looks like the Depository      12   Trust Statement that was provided to      13   Madoff 646 was the account number with DTC.      14   Depository Trust Company.      15      Q Have you seen this document before?      16      A I have not seen this document, no.      17      Q Do you have any firsthand knowledge      18   of how this document was created?      19      A No, I'm not clear if this is an      20   internal or external document.      21      Q Do you have any firsthand knowledge      22   as to whether this document was kept in the      23   ordinary course of business at BLMIS?      24      MS. HOANG: Objection to form.      25      A No.</p>	<p style="text-align: right;">Page 123</p> <p>1            MEAGHAN SCHMIDT      2        Q Do you know whose handwriting      3     appears on the top left of the first page of      4     this document?      5        A No.      6        (Schmidt Exhibit 19, Records      7     Certification dated September 11,      8     1987, Bates Numbered MF-00092171      9     through MF-00092172, was marked for      10   Identification.)      11   BY MS. BRONEN:      12      Q I'm now handing you what's been      13   marked as Schmidt Exhibit 19.      14      It is Bates Numbered MF-00092171      15   through 00092172.      16      Do you recognize this document?      17      A No.      18      Q Have you seen documents similar to      19   this?      20      A No.      21      Q Do you have any firsthand knowledge      22   as to whether this document was kept in the      23   ordinary course of business at BLMIS?      24      A No.      25      Q Do you have any firsthand knowledge</p>
<p style="text-align: right;">Page 124</p> <p>1            MEAGHAN SCHMIDT      2     of whether this document is accurate?      3        A No.      4        Q Do you have any firsthand knowledge      5     of whether this document was accurate at the      6     time it was created?      7        MS. HOANG: Objection.      8        A No.      9        (Schmidt Exhibit 20, Written      10   letter dated December 10, 2008 with      11   attachments, Bates Numbered      12   AMF-00000574 through AMF-00000628,      13   was marked for Identification.)      14   BY MS. BRONEN:      15      Q I'm now handing you a document      16   that's been marked as Schmidt Exhibit 20.      17      It's consecutively Bates Numbered      18   AMF-00000574 through 00000628.      19      Do you recognize this document?      20      A This specific document, no.      21      Q Have you seen documents like this      22   before?      23      A This looks like customer      24   correspondence.      25      Q Did you collect this document or</p>	<p style="text-align: right;">Page 125</p> <p>1            MEAGHAN SCHMIDT      2     documents like it?      3        A It looks like customer      4     correspondence and account maintenance file      5     documents, so if it was in the account      6     maintenance files, it would have been      7     collected.      8        Q Who would have collected it?      9        A Someone on my team or the vendor.      10      I mean, these files also were      11   located on the 17th floor, so I don't know      12   if it's something that we got -- you know,      13   at what point in time we got it from the      14   FBI.      15      Q So you're not sure whether      16   AlixPartners collected this document or the      17   FBI collected this document?      18      A That's right.      19      But it would have been maintained      20   on the 17th floor, which was secured by      21   AlixPartners.      22      Q Do you have any knowledge of      23   whether this document was actually kept on      24   the 17th floor of BLMIS?      25      A I mean, most of the Account</p>

<p style="text-align: right;">Page 126</p> <p>1           MEAGHAN SCHMIDT      2 Maintenance Folders that were there      3 associated with the investment advisory      4 business was maintained on the 17th floor.      5     Q But you're not sure whether this      6 document was maintained on the 17th floor?      7     A This specific one, no, I don't      8 recall specifically seeing Norman Cohen's      9 documents.      10    Q And did you personally have any      11 role in collecting documents similar to this      12 one from the 17th floor at BLMIS?      13    A No, not me personally.      14    Q And I take it, you don't have any      15 firsthand knowledge as to whether this      16 document was accurate when it was created?      17    MS. HOANG: Objection.      18    A No.      19    Q And you don't have any firsthand      20 knowledge of whether this document or others      21 like it were kept in the ordinary course of      22 business at BLMIS?      23    MS. HOANG: Objection.      24    A Account Maintenance Folders were      25 kept as a matter of ordinary course. There</p>	<p style="text-align: right;">Page 127</p> <p>1           MEAGHAN SCHMIDT      2 were hundreds of these folders on the 17th      3 floor when we arrived.      4     Q But that's not firsthand knowledge,      5 correct?      6     A No. That's correct. I do not have      7 firsthand knowledge.      8       (Schmidt Exhibit 21, Portfolio      9 Management Report, Bates Numbered      10 MADTBB-00994877 through      11 MADTBB-00996298, was marked for      12 Identification.)      13 BY MS. BRONEN:      14    Q I'm now handing you what's been      15 marked as Schmidt Exhibit 21.      16       This document is consecutively      17 Bates Numbered MADTBB-00994877 through      18 MADTBB-00996298.      19       Do you recognize this document?      20     A Yes.      21     Q What is it?      22     A Portfolio Management Report, or      23 PMR.      24     Q Have you seen this document before?      25     A This specific one, no.</p>
<p style="text-align: right;">Page 128</p> <p>1           MEAGHAN SCHMIDT      2     Q Am I right that you had no role in      3 creating this document?      4     A That's correct.      5     Q Am I right that you have no idea      6 whether it's accurate?      7     A That's correct.      8       MS. HOANG: Objection to form      9 on the last two questions.      10      (Schmidt Exhibit 22, FOCUS      11 Report, Bates stamped      12 PUBLIC-0002916 through      13 PUBLIC-0003129, was marked for      14 Identification.)      15 BY MS. BRONEN:      16     Q I'm now handing you what's been      17 marked as Schmidt Exhibit 22.      18       It's Bates stamped consecutively      19 PUBLIC-0002916 through PUBLIC-0003129.      20       Have you ever seen this document      21 before?      22     A Yes.      23     Q What is it?      24     A It's a FOCUS Report.      25     Q And what is a FOCUS Report?</p>	<p style="text-align: right;">Page 129</p> <p>1           MEAGHAN SCHMIDT      2     A A Financial and Operational      3 Combined Uniform Single Report.      4     Q Did you have any role in preparing      5 this document?      6     A No.      7     Q Did you have any role in collecting      8 and preserving this document?      9     A I received copies of FOCUS Reports      10 from Enrica Cotelessa-Pitz and these      11 documents were maintained in her office, so      12 we would have preserved them.      13       They're also publicly filed.      14     Q Do you have any firsthand knowledge      15 as to whether this document was accurate at      16 the time it was created?      17     A I do not.      18       MS. HOANG: Objection.      19     Q And that's true of other FOCUS      20 Reports, as well; is that correct?      21       MS. HOANG: Objection to form.      22     A In terms of the accuracy?      23     Q Do you have any firsthand knowledge      24 as to whether other FOCUS Reports for BLMIS      25 created prior to December 12, 2008 were</p>

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1 MEAGHAN SCHMIDT  
 2 So I didn't create specific categories, if  
 3 that's what you are asking.  
 4 Q Okay.  
 5 So you didn't do anything like  
 6 that?  
 7 A Create categories for documents?  
 8 Q Yes.  
 9 A No.  
 10 Q Was any part of your responsibility  
   to determine the universe of categories of  
   documents that were obtained from BLMIS by  
   AlixPartners?  
 11 A I mean, I assisted in identifying  
   documents, the universe of documents that  
   were located there, but I didn't create  
   specific categories.  
 12 Q Well, with respect to the types of  
   documents that were obtained by AlixPartners  
   from BLMIS, did you have responsibility for  
   cataloging any of them or indexing any of  
   them?  
 13 A I specifically did not, but vendors  
   that worked with us did.  
 14 Q Who were the vendors?

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1 MEAGHAN SCHMIDT  
 2 A AlphaLit.  
 3 Q What was your role in the Madoff  
   matter after the preservation and collection  
   of documents by AlixPartners?  
 4 A What time frame are you --  
 5 Q Whatever time frame it is that came  
   after the collection of documents.  
 6 Let's try it this way.  
 7 There was a point in time where  
 8 AlixPartners had collected all the documents  
 9 at BLMIS, preserved them, taken them  
 10 offsite, correct?  
 11 A Correct.  
 12 Q Okay.  
 13 What was your responsibility in the  
 14 Madoff matter after that?  
 15 A So we left the 885 building on  
 16 June 30, 2009 when every piece of paper and  
 17 piece of equipment was removed and moved  
 18 over to the warehouse.  
 19 And so at that point in time, I was  
 20 part of winding down the estate and  
 21 responsible for maintaining the Trustee's  
 22 books and records.

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1 MEAGHAN SCHMIDT  
 2 Q In what respect? With respect to  
 3 the Trustee's books and records, what was  
 4 your role?  
 5 A I maintained the accounting.  
 6 Q And was that with respect to  
 7 amounts that were collected by the Trustee?  
 8 MS. HOANG: Objection. That's  
 9 outside the scope of this deposition.  
 10 She's here to speak specifically to  
 11 the documents that were identified, found  
 12 and located at BLMIS.  
 13 BY MS. ARCHER:  
 14 Q So let's try it this way.  
 15 After the collection preservation  
 16 and taking offsite after June 30th, did you  
 17 have any role or responsibility for  
 18 reviewing the documents that had been  
 19 collected from BLMIS?  
 20 A I would have reviewed some  
 21 documents, but I don't think I had a  
 22 specific role or designation, if you will.  
 23 Q Was any part of your responsibility  
 24 with respect to analyzing the documents that  
 25 were collected from BLMIS?

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1 MEAGHAN SCHMIDT  
 2 A People on my team were analyzing  
 3 the documents, yes.  
 4 Q For what purpose?  
 5 A Purpose for determining claims.  
 6 Q You mentioned earlier the various  
 7 floors that BLMIS was on when you all were  
 8 in the BLMIS offices and you kept referring  
 9 to the 17th floor.  
 10 What is the significance of the  
 11 17th floor to you? What does that mean?  
 12 A The 17 floor is where the  
 13 investment advisory business was located  
 14 and operated from.  
 15 Q Okay.  
 16 Were any documents removed from any  
 17 of the BLMIS' offices by anyone other than  
 18 AlixPartners and its vendors?  
 19 A Yes.  
 20 Q Who?  
 21 A The FBI.  
 22 Q Was there a point in time where  
 23 documents that had been removed by the FBI  
 24 were provided to AlixPartners?  
 25 A I don't know if us specifically or

<p style="text-align: right;">Page 138</p> <p>1            MEAGHAN SCHMIDT      2 more generally the Trustee.      3            From what I understand, they would      4 have all been turned back over to the      5 Trustee.      6            Q Okay.      7            You mentioned earlier having taken      8 certain notes in connection with your      9 responsibility in the Madoff matter.      10          Where are those notes maintained?      11          A My office.      12          Q And you still have them all?      13          A Yes.      14          Q With respect to the specific      15 documents that you were shown today and the      16 categories of documents that those      17 represent, the types of documents that those      18 represent, did you obtain any information      19 about those documents from anyone other than      20 BLMIS employees?      21          MS. HOANG: Objection to form.      22          A At the time?      23          Q At any time.      24          A Perhaps, from my team members.      25          That would be it.</p>	<p style="text-align: right;">Page 139</p> <p>1            MEAGHAN SCHMIDT      2            Q So to the extent that you have any      3 information about those documents or had any      4 discussions about those documents, it would      5 have been with others from AlixPartners or      6 with BLMIS employees?      7            A Yeah. I don't recall having other      8 in-depth discussions with anybody else about      9 the substance of that.      10          Q Was it part of your responsibility      11 in connection with your role in the Madoff      12 matter to have conversations with BLMIS      13 employees for the purpose of understanding      14 what information was contained in documents      15 like the ones shown you today?      16          A Yes.      17          Q Was there a specific category of      18 documents that you had that responsibility      19 for?      20          A No.      21          Q So you had responsibility for      22 having those types of discussions with      23 respect to all documents obtained from      24 BLMIS?      25          A For me personally, it would depend</p>
<p style="text-align: right;">Page 140</p> <p>1            MEAGHAN SCHMIDT      2 who I was speaking with. Everyone had a      3 different role.      4            People on the AlixPartners team      5 spoke to BLMIS employees, as well.      6            So to the extent that I happened to      7 have been speaking to an employee who      8 mentioned, you know, AMF, then I would have      9 continued down that path, but we didn't      10 segregate the team based on document type.      11          Q Did you segregate the team based on      12 primary responsibility for speaking to      13 certain BLMIS employees?      14          For example, was there a list of      15 BLMIS employees that you were responsible      16 for interviewing?      17          MS. HOANG: Objection to form.      18          A I spoke to many of the BLMIS      19 employees, so we didn't have a designation,      20 if you will, that I would only speak to this      21 limited number of employees. I spoke to      22 many of them.      23          Q And was the primary purpose of your      24 discussions with BLMIS employees to locate      25 documents that AlixPartners would then</p>	<p style="text-align: right;">Page 141</p> <p>1            MEAGHAN SCHMIDT      2 collect?      3            A I mean, I think our conversations      4 were knowledge acquisitions, so whether it      5 was trying to understand procedures,      6 processes and in the course of that if      7 documents were referenced, you know, we      8 would go look at them.      9            Q Is it correct that to the extent      10 you have an understanding of who created      11 certain documents, that understanding would      12 either have come from employees of BLMIS or      13 your colleagues at AlixPartners?      14          A Yes.      15          Q In connection with your -- strike      16 that.      17          Did you do anything, other than      18 preparing for and attending this deposition,      19 specifically with respect to the Merkin      20 matter?      21          A No.      22          MS. HOANG: Objection to form.      23          Q You testified earlier that you had      24 observed certain journal entries being      25 entered into a system at BLMIS.</p>

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1 MEAGHAN SCHMIDT

2 Do you recall that testimony?

3 A Yes.

4 Q When were you observing journal  
5 entries being entered?6 A On December 12th or  
7 December 15th, I was requesting extraction  
8 of system activity and Dan Pennachio would  
9 have -- he showed me how to clear the system  
10 and how he would have entered an entry that  
11 he would be entering into Great Plains with  
12 respect to whatever account I was looking  
13 at.

14 Q What's "Great Plains"?

15 A Great Plains is the accounting  
16 system that we maintained financial  
17 transactions for house five general ledger.

18 Q That you maintained?

19 A No. This would be maintained  
20 contemporaneously by the Madoff entity in  
21 December 2008.22 Q Am I correct that there was a point  
23 in time where nothing was being entered into  
24 that system? No new information was  
25 being entered?

1 MEAGHAN SCHMIDT

2 A That's correct.

3 Q So the system was frozen and it was  
4 taken, essentially, by AlixPartners?

5 A Yes. That's correct.

6 Q What was the purpose of your  
7 observing the entries?8 A I was trying to understand the  
9 interface in which information would have  
10 been entered such that I could understand  
11 the reports that I was requesting, to  
12 understand the data fields that were  
13 available to us, to make sure that I had a  
14 complete understanding of what I was  
15 testing.16 Q And any understanding that you  
17 obtained as to the data fields or the  
18 information that was entered came from your  
19 discussions with Mr. Pennachio?

20 A Mr. Pennachio in that example, yes.

21 Q Is that right?

22 A That's right, yes.

23 Q There were a couple of documents  
24 that you were shown earlier and you were  
25 testifying about the category headings that

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1 MEAGHAN SCHMIDT

2 were at the tops.

3 Do you recall that?

4 A Yes.

5 Q Did the information that you  
6 testified about come from someone at BLMIS?

7 A Or one of my colleagues.

8 Q Okay.

9 So -- but none of the information  
10 that you were testifying about was any  
11 firsthand knowledge of yours?

12 A That's correct.

13 MS. ARCHER: No further  
14 questions.15 MS. HOANG: I just have a few  
16 follow-up questions.

17 EXAMINATION BY MS. HOANG:

18 Q We talked about several categories  
19 of documents. Some that you've identified,  
20 Ms. Schmidt, and as well as Ms. Bronen, so  
21 I'm not going to go through every category  
22 of document.23 I'm just going to ask you questions  
24 about some of them.

25 Particularly AMF files, what you

1 MEAGHAN SCHMIDT

2 said was account maintenance files.

3 Do you recall that?

4 A Yes.

5 Q Okay.

6 And to the extent that account  
7 maintenance files were at BLMIS, where did  
8 you see them?

9 A On the 17th floor.

10 Q Okay.

11 And to the extent that account  
12 maintenance files were at BLMIS' facilities,  
13 what did AlixPartners do with them?14 A Well, the 17th floor would have  
15 been part of the FBI crime scene, so at some  
16 point, they would have been scanned and then  
17 taken to the warehouse once returned from  
18 the FBI.

19 Q Okay.

20 And to the extent that account  
21 maintenance files were found on any other  
22 floor, what did AlixPartners do with them?23 A If they were found on another  
24 floor, they would have been scanned and  
25 inventoried and removed from the premise.

<p style="text-align: right;">Page 146</p> <p>1            MEAGHAN SCHMIDT      2        Q You recall discussing customer      3        statements?      4        A Yes.      5        Q And where did you see customer      6        statements?      7        A I may have seen them on the      8        17th floor. They may be included as part      9        of an AMF, depending on if they were sent by      10      a customer or something.      11      Q And again, if customer statements      12      were located at BLMIS, what did AlixPartners      13      do with those statements?      14      A They would have eventually gotten      15      scanned and any information contained within      16      the customer statements would have been part      17      of electronically stored information on the      18      AS400 or store QM, which AlixPartners      19      preserved those electronic systems.      20      Q And by "electronic systems," you      21      mean the AS400 and store QM?      22      A That's correct.      23      Q We talked about trade      24      confirmations.      25      Did you see trade confirmations at</p>	<p style="text-align: right;">Page 147</p> <p>1            MEAGHAN SCHMIDT      2        BLMIS?      3        A Yes.      4        Q Okay.      5        And to the extent that those trade      6        confirmations were located at BLMIS'      7        facilities, what did AlixPartners do with      8        them?      9        A They would have eventually got      10      scanned and taken to the warehouse.      11      Q Okay.      12      And we talked about PMTs, what you      13      referred to as PMTs?      14      A Yes.      15      Q And did you see PMTs at BLMIS'      16      facilities?      17      A Yes.      18      Q Okay.      19      And to the extent they were located      20      at BLMIS' facilities, what did AlixPartners      21      do with those documents?      22      A They would have been scanned, or if      23      they were maintained electronically, those      24      would have been preserved as part of our      25      electronic preservation process.</p>
<p style="text-align: right;">Page 148</p> <p>1            MEAGHAN SCHMIDT      2        Q And we've talked about documents      3        called PMRs.      4        A Uh-huh.      5        Q Same questions with those      6        documents.      7        Did you see PMRs at BLMIS'      8        facilities?      9        A Yes.      10      Q And to the extent that they were      11      located at BLMIS' facilities, what did      12      AlixPartners do with those documents?      13      A They would have eventually gotten      14      scanned or they were, again, electronically      15      preserved.      16      Q Did you see bank records,      17      specifically JPMorgan bank records, at      18      BLMIS?      19      A Yes.      20      Q And where did you see them?      21      A I specifically saw them when I was      22      working on the 18th floor with the      23      Securities &amp; Exchange Commission.      24      Q And to the extent that bank      25      records, JPMorgan records, were at BLMIS'</p>	<p style="text-align: right;">Page 149</p> <p>1            MEAGHAN SCHMIDT      2        facilities, what did AlixPartners do with      3        them?      4        A Those would have been scanned and      5        then preserved and brought to the warehouse.      6        Q And we talked about the Great      7        Plains database?      8        A Yes.      9        Q And was that database maintained on      10      a computer or a server at BLMIS?      11      A They would have been maintained on      12      a server that was locally available on the      13      computer of Daniel Pennachio, who was the      14      individual that I was working with at the      15      time.      16      Q And what did AlixPartners do with      17      that server?      18      A That server would have been      19      preserved. We would have copies of the      20      backup tapes that that system would have      21      been held on. And to the extent anything      22      was locally -- local to that person's      23      computer, that computer would have been      24      imaged.      25      Q Okay.</p>

<p style="text-align: right;">Page 150</p> <p>1           MEAGHAN SCHMIDT      2         We talked about the tax returns.      3         Do you recall that?      4         A   Yes.      5         Q   And where did you see tax returns      6         at BLMIS?      7         A   I think they would have been      8         provided to us by Dan Bonventre or Enrica      9         Cotellessa-Pitz.      10        Q   And when you say provided by either      11        Mr. Bonventre or Ms. Pitz, were they      12        provided from their offices?      13        A   Yes.      14        Q   At BLMIS?      15        A   Yes.      16        Q   Okay.      17        And to the extent that those      18        documents, the tax documents were at BLMIS,      19        what did AlixPartners do with those      20        documents?      21        A   Those documents would have been      22        preserved and scanned and, ultimately,      23        removed from the premises and brought to the      24        warehouse.      25        Q   You said that AlixPartners stopped</p>	<p style="text-align: right;">Page 151</p> <p>1           MEAGHAN SCHMIDT      2         work at BLMIS on June 30, 2009; is that      3         correct?      4         A   Yes.      5         Q   And at that time, were there any      6         documents belonging to BLMIS still located      7         at the -- at any of the premises occupied by      8         BLMIS?      9         A   Well, AlixPartners -- June 30, 2009      10        was when the lease was up at the 885 Third      11        Avenue location. So AlixPartners packed up      12        the entire 18th and 19th floors, so      13        there were no documents left behind and we      14        literally watched the movers pack a truck      15        and met the movers at the Long Island City      16        warehouse.      17        Q   And those documents that were      18        packaged were inventoried and are now stored      19        at the warehouse?      20        A   Yes, and they would have been      21        previously scanned.      22        Q   And is it correct that there was      23        nothing left related to BLMIS' business as      24        of that day?      25        MS. ARCHER: I'm just going to</p>
<p style="text-align: right;">Page 152</p> <p>1           MEAGHAN SCHMIDT      2         place an objection to form.      3         I mean, obviously, I'm letting you      4         go on a lot of really leading      5         questions, but I feel like, at some      6         point, I need to ask you stop.      7         Feel free to go ahead, but I'm      8         objecting.      9         A   Unless to the extent there was      10        anything on the 17th floor, the FBI had or      11        was there, we physically collected      12        everything that was on the premise that we      13        had control over.      14        Q   Was the FBI on the 17th floor      15        after June 30, 2009?      16        A   I don't believe so.      17        MS. HOANG: I have no further      18        questions.      19        MS. ARCHER: Just a few      20        follow-up.      21        FURTHER EXAMINATION      22        BY MS. ARCHER:      23        Q   So with respect to AMF files that      24        Ms. Hoang asked you about, what was your      25        responsibility in terms of locating and</p>	<p style="text-align: right;">Page 153</p> <p>1           MEAGHAN SCHMIDT      2         collecting those files?      3         A   I never collected those files. I      4         located them after having conversation with      5         Jodi Crupi and just noted where the files      6         were maintained.      7         Q   And you testified earlier that they      8         were on the 17th floor. Is there a      9         specific area of the 17th floor that they      10        were kept in?      11        A   Majority of them would have been      12        maintained in the filing cabinets that were      13        behind her desk area.      14        Q   Did you go through those files      15        while they were in those filing cabinets?      16        A   I opened some of the filing      17        cabinets, yes.      18        Q   Did you open all of them?      19        A   No.      20        Q   Did you look at all the documents      21        in those filing cabinets?      22        A   No.      23        Q   Did you direct others to?      24        A   No.      25        Q   You stated that they were scanned</p>